

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on March 6, 2001 at 8:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Rod Bitney, Vice Chairman (R)  
Rep. Gary Matthews, Vice Chairman (D)  
Rep. Roy Brown (R)  
Rep. Nancy Fritz (D)  
Rep. Dave Gallik (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Dennis Himmelberger (R)  
Rep. Carol C. Juneau (D)  
Rep. Jim Keane (D)  
Rep. Rick Laible (R)  
Rep. Bob Lawson (R)  
Rep. John Musgrove (D)  
Rep. William Price (R)  
Rep. Allen Rome (R)  
Rep. Donald Steinbeisser (R)  
Rep. Brett Tramelli (D)  
Rep. James Whitaker (R)

**Members Excused:** Rep. Sylvia Bookout-Reinicke (R)

**Members Absent:** None.

**Staff Present:** Gordon Higgins, Legislative Branch  
Jane Nofsinger, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB23, SB219, SB383, 2/21/2001  
Executive Action: SB219

HEARING ON SB219

Sponsor: SEN. MIGNON WATERMAN, SD26, HELENA

Proponents: Russ Fillner, Montana Board of Public Accountants  
David Johnson, Montana Society of CPAs  
Tim Bartz, Anderson-Zurmuhlen Company  
Jon Metropolous, Montana Society of CPAs  
Joe Mazurek, Montana Assn. of CPAs

Opponents: None

Opening Statement by Sponsor:

SEN. MIGNON WATERMAN, SD26, HELENA, told the committee this bill allowed persons not licensed or certified as accountants to have a minority ownership in accounting partnerships or corporations. She added that 27 other states allow this now.

Proponents' Testimony:

Mr. Fillner said he supported the bill, and thanked Senator Waterman for sponsoring it.

Mr. Johnson supported the bill saying a firm needs talented people with other skills than accounting such as computer skills. He said ownership attracts these talented people.

Mr. Bartz said he was representing 11 other accounting firms across the state who were 100% in favor of this bill. He said computer and technology consulting is as important as accounting these days. He said ownership would keep the brightest and the best people working for the firm.

Mr. Metropolous said he supported the bill and noted that REP. MATTHEWS had agreed to carry the bill in the House.

Mr. Mazurek supported the bill and said Section 2 of the bill afforded the possibility to allow "enrolled agents" to use their title on business cards and letterheads for the purpose of preparing taxes. He noted there are about 100 in the state and they are federally approved. He thanked the sponsor for allowing this in the bill.

Opponents' Testimony: None

Questions from Committee Members and Responses: None

**Closing by Sponsor:**

**SEN. WATERMAN** said she felt it was a clear bill and she would appreciate the committee's support. She thanked **Mr. Mazurek** for pointing out Section 2.

**HEARING ON SB23**

**Sponsor:** SEN. MIKE HALLIGAN, SD34, MISSOULA

**Proponents:** Joe Mazurek, self,  
National Conference on Uniform Laws  
George Bennett, Montana Bankers Assn.  
Sue Weingartner, Alliance of American Insurers  
Jeannie Bauman, Montana Credit Unions League  
John Semple, Assn. of Montana Aerial Applications

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. MIKE HALLIGAN, SD34, MISSOULA,** said Montana has been at the forefront in passing the Uniform Commercial Code. He said 29 states had adopted this code to insure that business can be conducted worldwide and payment can be received. SB23 revises the secured transaction chapter of the UCC Code and adopts certain revisions.

**Proponents' Testimony:**

**Mr. Mazurek** said adopting this code assures that states can reserve for themselves the right to make the laws which govern the states. He said, "The UCC governs commerce as we know it," He told the committee this bill corrects some drafting errors and some changes made since it was adopted and reviewed in 29 other states. **EXHIBIT (buh51a01)** He said for example in Section 1, agricultural liens had been left out, and this was important for Montana. Section 2 states a lease can become a security interest in leased goods, he said. Section 3 allows for two types of collateral in one agreement, such as software on a computer, he said. He outlined briefly the other sections which had been revised to correct errors and add rules relating to government bonds and judgement protection.

**Mr. Bennett** said this is a significant bill for Montana to keep common laws uniform so business in Montana is not impeded.

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**Ms. Weingartner** presented an amendment and testimony.

**EXHIBIT (buh51a02)**

She added she had discussed her amendment with Mr. Braun and Ms. Butler and they said they saw no conflict.

**Ms. Bauman** said she supported the amendment.

**Mr. Semple** said he supported the amendment with one exception.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. GALLIK** asked **Mr. Mazurek** how the lease aspect worked. **Mr. Mazurek** replied if the lease has a security interest then there is the obligation to file with the UCC as if it were a straight loan.

**Closing by Sponsor:**

**SEN. HALLIGAN** said uniformity is how commerce happens. He said these laws add stability and make it work consistently.

**HEARING ON SB383**

**Sponsor:** **SEN. BILL GLAZER, HD8, BILLINGS**

**Proponents:** **Bob Pavlovich, IBEW 230**  
**Keith Allen, IBEW 233**

**Opponents:** **Byron Roberts, Montana Building Industry Assn.**  
**Robert Throssell, Montana Technical Council**

**Opening Statement by Sponsor:**

**SEN. BILL GLAZER, HD8, BILLINGS,** said the act provided that nonmetallic sheathed cable may not be installed in a commercial building where the installation will be inaccessible. He said the wire cannot be used in concealed walls unless it is metal-clad, or in metal or plastic conduit. He said this would make a huge difference in the safety of commercial buildings.

**Proponents' Testimony:**

**Mr. Pavlovich** testified he was in support of the bill.

**Mr. Allen** thanked **SEN. GLAZER** for sponsoring the bill. He said this was a simple bill which would not cost the state. He submitted written testimony from union shops. **EXHIBIT(buh51a03)**

**Opponents' Testimony:**

**Mr. Roberts** said he represented 1500 members who supported codes and standards but opposed this bill. He said special standards do not belong in law. He said electrical codes comply with those adopted by the Department of Commerce. He called the legislation "protectionist," and urged the committee to vote no.

**Mr. Throssell** said his organization of design professionals, engineers and architects were in opposition because the state already has electrical codes in place. He pointed out this requirement would be more costly to the owner of the building. He asked the committee to not concur on the bill.

**Informational Witness:**

**Mark Simonich, Department of Commerce**, told the committee that **John Hagle, Supervisor of Inspections and Master Electronics**, was available for questions. He pointed out that the bill referred to commercial buildings but does not define them. He said there is also a difference in the cost of installation of Romex versus metal-clad or conduit of about 50% more. He said the bill was more stringent than national or regional electrical codes. The bill also says an improper installation is a misdemeanor. He pointed out prosecution of this would be up to the local attorney, not the state.

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**Questions from Committee Members and Responses:**

**REP. LAIBLE** asked **Mr. Hagle** if there was an inspection before the drywall went up to insure the wiring was installed up to code. **Mr. Hagle** said there was.

**REP. MUSGROVE** asked about the use of Romex wire around metal studs. **Mr. Hagle** said that the code addresses these requirements.

**REP. BITNEY** asked **REP. GLASER** what the reason was for the legislation other than safety. He said he was concerned about the

increase in cost and the more stringent code. **REP. GLASER** said he had been in the building industry for 48 years, and taught building codes and standards. He said his point of view might change when the Building and Codes Division is moved out of the Department of Commerce. He said it was not a "turf issue," but a lack of confidence and trust in the state building inspectors. "I don't trust the state building code inspections," he said, "and most developers will agree, if you get them off to the side."

**REP. MATTHEWS** asked **Mr. Allen's** opinion. He said conduit goes to metal wall switch boxes. He added this makes it simple to get in the box in the future and run conduit to a new box. He continued that when Romex is installed, there is no access, and there is no availability for expansion, so in the future it will cost more.

**REP. HIMMELBERGER** asked if the code itself would need to be changed. **Mr. Simonich** said the statute would overrule anything the department had in rules. **REP. HIMMELBERGER** asked how the state codes interacted with city codes. **Mr. Simonich** said state statute names the Department of Commerce to adopt codes and municipalities have a 90-day window to adopt the same code. **REP. HIMMELBERGER** asked if some cities had stricter codes. **Mr. Simonich** said no, not anymore, or any less, because they have to be consistent and uniform statewide.

**REP. HIMMELBERGER** asked **SEN. GLASER** the same question. **SEN. GLASER** replied under self-rule the City of Billings can have more stringent standards. He continued that sometimes exceptions are made during inspections. He cited, for example, the 100's of violations present in the recently renovated Capitol building. He said the wires above our heads are not in conduit and are laid across the ceiling tiles.

**REP. KEANE** asked **SEN. GLASER** about the other legislation he mentioned. **SEN. GLASER** said with the absence of quality inspection in Montana this was the only course he could take. He said the Technical Council knew the way it is being done now, was not the best. "This bill is here because the guys in the field want some quality of work," he said.

**Closing by Sponsor:**

**SEN. GLASER** said he was not biased, but well-informed. "I am a teacher of the codes and a former fire chief," he said. The codes are advice as to how things should be done, he said. Commercial buildings need to be an exception to the codes because there is not consistency in installation and inspection, he said. He noted that Romex is a lower quality and should be used where risk was

not as great. He added that some inspectors are fantastic, but he wouldn't want to live in Bozeman and rely on those inspectors.

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**EXECUTIVE ACTION ON SB219**

**Vote:** Motion that **SB219 BE CONCURRED IN** carried unanimously.19-0.

**ADJOURNMENT**

Adjournment: 10:47 A.M.

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REP. JOE MCKENNEY, Chairman

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JANE NOFSINGER, Secretary

JM/JN

**EXHIBIT** (buh51aad)